

## § 1779.1

1779.66–1779.68 [Reserved]  
1779.69 Loan servicing.  
1779.70–1779.72 [Reserved]  
1779.73 Replacement of loss, theft, destruction, mutilation, or defacement of Loan Note Guarantee or Assignment Guarantee Agreement.  
1779.74 [Reserved]  
1779.75 Defaults by borrower.  
1779.76–1779.77 [Reserved]  
1779.78 Repurchase of loan.  
1779.79 [Reserved]  
1779.80 Interest rate changes after loan closing.  
1779.81 Liquidation.  
1779.82 [Reserved]  
1779.83 Protective advances.  
1779.84 Additional loans or advances.  
1779.85 Bankruptcy.  
1779.86–1779.87 [Reserved]  
1779.88 Transfer and assumptions.  
1779.89 Mergers.  
1779.90 Disposition of acquired property.  
1779.91–1779.93 [Reserved]  
1779.94 Determination and payment of loss.  
1779.95 Future recovery.  
1779.96 Termination of Loan Note Guarantee.  
1779.97–1779.99 [Reserved]  
1779.100 OMB control number.

AUTHORITY: 5 U.S.C. 301, 7 U.S.C. 1989, 16 U.S.C. 1005.

SOURCE: 66 FR 23138, May 8, 2001, unless otherwise noted.

### § 1779.1 General.

(a) This part contains the regulations for Water and Waste Disposal (WW) loans guaranteed by the Agency and applies to lenders, holders, borrowers, and other parties involved in making, guaranteeing, holding, servicing, or liquidating such loans.

(b) The purpose of the WW guaranteed loan program is to provide a loan guarantee for the construction or improvement of water and waste projects serving the financially needy communities in rural areas. This purpose is achieved through bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting benefits.

### § 1779.2 Definitions.

The following general definitions are applicable to the terms used in this part:

*Agency.* The Rural Utilities Service which is within the Rural Development mission area of the United States Department of Agriculture or its suc-

## 7 CFR Ch. XVII (1–1–04 Edition)

cessor agencies with authority delegated by the Secretary of Agriculture to administer the Water and Waste Disposal Programs.

*Application.* An Agency prescribed form to request an Agency guarantee (available in any Agency office).

*Arm's length transaction.* The sale, release, or disposition of assets in which the title to the property passes to a ready, willing, and able third party who is not affiliated with, or related to, and has no security, monetary, or stockholder interest in the borrower or transferor at the time of the transaction.

*Assignment Guarantee Agreement.* The signed agreement among the Agency, the lender, and the holder setting forth the terms and conditions of an assignment of the guaranteed portion of a loan or any part thereof (available in any Agency office).

*Borrower.* The entity that borrows money from the lender.

*Collateral.* Property pledged to secure the guaranteed loan.

*Conditional Commitment for Guarantee.* The Agency's written statement to the lender that the material submitted is approved subject to the completion of all conditions and requirements contained in the commitment (available in any Agency office).

*Guaranteed loan.* A loan made and serviced by a lender for which the Agency and lender have entered into a Lender's Agreement and for which the Agency has issued a Loan Note Guarantee.

*Holder.* The person or entity (other than the lender) who holds all or a part of the guaranteed portion of the loan with no servicing responsibilities. When the lender assigns part or all of the guaranteed portion of the loan to an assignee, the assignee becomes a holder when the Assignment Guarantee Agreement is signed by all parties.

*Immediate family.* Individuals who are closely related by blood or by marriage, or within the same household, such as a spouse, parent, child, brother, sister, aunt, uncle, grandparent, grandchild, niece, or nephew.

*In-house expenses.* In-house expenses include, but are not limited to, employees' salaries, retainers being paid to lawyers, travel, and overhead.